officials for this purpose is not possible and such a practice is not in existence in the whole of the civilised world. Government have recently issued orders to the Commissioner of Income-Tax to take the opinion of the representatives of various lines of trade.

Dewan.—The new order has just issued. The rates of profit for each line of business will be ascertained and obtained in accordance with instructions issued in the matter.

Summary of Discussion.—The Income-tax Regulation has become a source of trouble to the public. As it is not being enforced with due consideration, many persons who least deserve are assessed to income-tax. The Government may therefore be pleased to order the Collectors of Income-tax (*a*) to consult the prominent people of the locality where the individual lives before issuing notice and (*b*) if the individual is a resident of a Municipality, to take the opinion of the Municipal Council regarding his status before taxing him.

Note.—Discussed with the previous subject.

SUBJECT No. 28.

Procedure in assessing the tax under the Income-tax Regulation.

Messrs. H. Krishnasastry, Krishnarajpete Taluk; K. Krishnaswamy Rao, Bar Association, Mysore; Sanganabasappa, Chamrajnagar Municipality; and Doraswamy Iyengar, Chamrajnagar Taluk.

Mr. Veerabhadrappa.—Income-tax is levied on income from money lending in villages. The transactions are on a very small scale and the villagers are mostly illiterate. It is not right to expect them to maintain regular accounts in the form required by the Income-tax Collector. Though the villagers give out their real income and produce the documents themselves in support of their statement of income, this is not believed, but tax is levied by the Collectors on the confidential reports received by them. It is necessary that a Committee should be formed in each village to assess income for levy of tax.

Second Member of Council.—This is not possible.

SUBJECT No. 29.

Appointment of Committees in villages to advise in deciding cases relating to the levy of income-tax.

Messrs. Sahukar Veerabhadrappa, Chitaldrug Taluk, and Mahsul Mohamad Hayath Sab, Anjuman-e-Islamia, Molakalmuru.

Mr. A. Narasimha Iyengar.—This subject is being brought before the Assembly during the last two years and no action has yet been taken. I request attention to this matter.

Dewan.—This involves a question of principle and is not possible.

SUBJECT No. 30.

Exemption from income-tax of State Loans issued prior to the year 1920.

Mr. A. Narasimha Iyengar, Sagar Town Municipality.

Mr. Shroff Padmarajaiya.—Income-tax at the rate of one anna per rupee is levied on the income of the Companies. If the income derived by a shareholder from the Company is shown in his accounts, income-tax is levied at the rate of 3 pies per rupee. When the Company is aware of the recovery of the tax from the shareholder, it will have to submit an application for the refund of the tax recovered from it. This procedure causes much delay and inconvenience. It is therefore prayed that the Government may be graciously pleased to permit the shareholder to deduct the amount recovered from the Company when he pays the income-tax.

SUBJECT No. 31.

Refund of income-tax to Companies.

Mr. Shroff Padmarajaiya, Jain Education Fund Association, Mysore.

The Second Member of Council referred him to the arrangements contemplated in Section 48 of the new Regulation which were intended to avoid the difficulty complained of.

SUBJECT No. 32.

Imposition of Income-tax at 2 to 6% on cash transactions only.

Mr. Sati Halappa, Chitaldrug Taluk.

Mr. Sati Halappa.—In imposing income-tax on merchants, the Collector will take the total amount of transaction into consideration and presume that 10 to 12% is derived after giving deductions for expenditure, instead of calculating the profit according to the accounts maintained by them. This presumption is not reasonable, because the merchants cannot realise such heavy profit after paying rent, etc. Moreover, credit transaction is taken into account. This is very hard for them. It is prayed that 2 to 6 per cent tax may be imposed on cash transactions only.

The Second Member of Council referred the member to the discussions previously made and said that orders were issued for fixing percentage of profit for each line of business.

SUBJECT No. 33.

Appointment of an Auditor to check the accounts of merchants.

Mr. Sati Halappa, Chitaldrug Taluk.

Mr. Sati Halappa.—The Income-Tax Collector insists on maintaining the accounts showing the balance of goods, etc., otherwise, he refuses to believe the accounts kept in the shops. It is not possible to the merchant to do so. It is therefore prayed than an auditor may be appointed to strike the balance of goods, articles, etc., at the end of the year or at any appointed time.

Second Member of Council.—This cannot be done.

SUBJECT No. 34.

Income-tax cases to be heard at taluk or hobli headquarters.

Messrs. Maralusiddappa and Rudrappa, Arsikere Taluk; M. Channabasappa, Arsikere Town Municipality; N. S. Nanjundaiya, H. Boranna and K. Mahadevappa, Hassan Taluk.

Mr. N. S. Nanjundaiya in moving this subject pointed out that valuable documents were liable to be lost by their having to be carried from villages to the Collector's headquarters.

The Second Member of Council observed that if abstracts of accounts in the prescribed D form were furnished by the parties, the accounts would be examined with reference to such returns and returned soon and the difficulty complained of would not then exist.

Dewan.—We shall investigate this question of accounts and production of documents.

SUBJECT No. 35.

Abolition of the proposed super-tax.

Mr. Singri Nanjappa, Tiptur Municipality.

Mr. Singri Nanjappa.—The taxes, at present, levied are numerous. The levy of super-tax or any other kind of tax does not tend to the development of the country. It is therefore prayed that no fresh taxes may be levied.

Dewan.—This question has been fully discussed in the Legislative Council. The Bill will be passed into law at the next Legislative Council meeting.

Mr. Ramachandra Rao Scindhe.—The Income-Tax Regulation was brought into force just a few years ago. This Regulation has not yet been properly understood by the people. It is too soon to impose new taxes. New taxes introduced will scare away the people and discourage the promotion of new Companies, and consequently the growth of new industrial enterprises.

Dewan.—The policy as regards encouragement of industries is to give exemption to special industries.